

ALUMINUM COMPANY OF CANADA, LIMITED
(Incorporated under the Companies Act of the Dominion of Canada)
AND SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS

31st DECEMBER, 1944

*On pourra se procurer le texte français de ce rapport, en s'adressant au
secrétariat de la Compagnie, 1700 immeuble Sun Life, à Montréal.*

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ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet

31st December, 1944

A S S E T S

LAND, PLANTS AND FACILITIES, AT COST.....	\$ 328,759,974	
Less: Reserves for Amortization, Depreciation and Depletion, including approximately \$177,000,000 allowed us in respect of War Facilities.....	217,535,875	\$111,224,099
Indemnity and Surety Deposits.....		714,206
Prepaid Expenses and Deferred Charges to Operations.....		2,278,004
Refundable Portion of Excess Profits Tax (Contra).....		596,444
CURRENT ASSETS:		
Inventories of Aluminum, Materials and Supplies at cost or under, which is not in excess of market, determined from book and physical inventories, certified by officers of the companies.....	22,685,507	
Accounts and Notes Receivable, less reserves.....	16,091,262	
Accounts Receivable from Affiliated Companies.....	521,335	
Dominion of Canada Bonds and Treasury Bills (Quoted value \$36,419,894).....	36,393,265	
Funds set apart for Preferred Dividend payable 1st February, 1945.	187,500	
Cash in Banks and on Hand.....	36,734,243	112,613,112

\$227,425,865

Approved on behalf of the Board,

R. E. POWELL, *Director*

GEORGE O. MORGAN, *Director*

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Statement of Profit and Loss

For the Year Ending 31st December, 1944

Profit for the year ending 31st December, 1944, after provision for Depreciation and Depletion (see footnote) but before taking into account the following items.....		\$ 22,186,171
Add:		
Interest, etc.....		275,161
		22,461,332
Deduct:		
Interest on Indebtedness not maturing within one year.....	\$ 3,532,747	
Other Interest.....	1,023,554	
Executive Salaries.....	177,575	
(Parent and subsidiary companies)		
Legal Fees.....	47,835	
Directors' Fees.....	1,218	
Provision for Income and Excess Profits Taxes.....	7,346,085	12,129,014
(including \$6,246,008 Canadian Taxes)		
Profit for the year carried to Earned Surplus.....		<u>\$ 10,332,318</u>

NOTE: Provision for Depreciation and Depletion for the year amounted to \$58,053,447 (including special provision of \$51,787,341 in respect of War Facilities) of which \$5,043,314 was charged to Cost of Production.

Consolidated Statement of Earned Surplus

Earned Surplus—31st December, 1943.....		\$ 30,776,648
Adjustments applicable to prior years:		
Sales Adjustments.....	\$ 903,003	
Less: Canadian Income and Excess Profits Taxes thereon.....	361,201	541,802
Earned Surplus (as adjusted)—31st December, 1943.....		30,234,846
Profit for the Year.....	10,332,318	
Net Premium and Exchange realized on bonds issued and bonds redeemed, less expenses, and less balance of unamortized expense of Preferred Share issue.....	1,465,651	11,797,969
		42,032,815
Dividends:		
Preferred, including Dividend payable 1st February, 1945.....	750,000	
Common.....	9,000,000	9,750,000
Earned Surplus—31st December, 1944.....		<u>\$ 32,282,815</u>

AUDITORS' REPORT

TO THE SHAREHOLDERS OF ALUMINUM COMPANY OF CANADA, LIMITED:

We have examined the consolidated balance sheet of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December, 1944, and the relative consolidated statements of profit and loss and surplus. In connection therewith we have reviewed the system of internal control and the accounting procedures of Aluminum Company of Canada, Limited and its Canadian subsidiaries and have examined or tested accounting records of these companies and other supporting evidence, but we did not make a detailed audit. The detail transactions of the Canadian companies are examined by the Companies' internal auditors whose reports are furnished to us. We were furnished by other independent accountants with audited financial statements of the subsidiaries operating outside of Canada whose records were not examined or tested by us. We have received all the information and explanations we have required.

The accounts of subsidiary companies, other than Canadian companies, included in the consolidated balance sheet and the relative statement of profit and loss are translated into Canadian dollars at official rates of exchange current at 31st December, 1944, except that Fixed Assets are at rates determined at dates of acquisition.

We have satisfied ourselves that the inventories of aluminum, materials and supplies are stated at cost or under which is not in excess of market. Intercompany profits have been excluded from inventories. The provisions for Income and Excess Profits taxes, considered adequate by the management, are subject to final determination by the appropriate tax authorities.

The surpluses of the individual companies included in the consolidation are subject to such restrictions as to distribution as may be imposed by exchange regulatory bodies of the countries in which the companies are carrying on operations.

The earned surplus at 31st December, 1943, has been adjusted in respect of sales and related tax adjustments affecting the operations of prior years.

Subsequent to 31st December, 1944, arrangements have been consummated under which the 3% Notes payable to Export-Import Bank, Washington, D.C. will be applied in payment for aluminum to be delivered in 1945.

On the above basis we report that the attached consolidated balance sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the combined state of affairs of Aluminum Company of Canada, Limited and its subsidiary companies as at 31st December, 1944, according to the best of our information and the explanations given to us, and as shown by the books of the companies examined by us and the financial statements above referred to; and that the relative consolidated statements of profit and loss and surplus fairly present the results of the combined operations of the companies.

PRICE, WATERHOUSE & CO.,
Auditors.

21st March, 1945.

ALUMINUM COMPANY OF CANADA, LIMITED
and Subsidiary Companies

Consolidated Balance Sheet

31st December, 1944

LIABILITIES

CAPITAL STOCK:

5% Cumulative Redeemable S.F. Preferred Shares—Par \$100— 150,000 Shares outstanding	\$ 15,000,000	
Common Shares—No Par—1,500,000 Shares outstanding	15,000,000	\$ 30,000,000

FIRST MORTGAGE 3½% SINKING FUND BONDS, DUE 1974:

Series "A"—payable in Canadian currency	13,750,000	
Less: Held in Treasury	4,250,000	
	9,500,000	
Series "B"—payable in U.S. currency	26,250,000	35,750,000

Second Hypothec, securing Contractual Obligation for annual payments, which may be commuted for		13,678,758
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NOTES PAYABLE:

3% Redeemable Notes, due 1961—payable to the British Government—interest and \$45,280,000 of principal abatable in certain circumstances as provided in the contracts under which they were issued	55,600,000	
3% Notes (U.S. \$11,730,000) to Export-Import Bank, Washington, D.C.—payable U.S. \$620,000 annually, balance in 1952 and 1953	12,903,000	68,503,000

The Roberval & Saguenay Railway Company 40-Year 7% Consolidated Sinking Fund Mortgage Bonds, due 1955		1,330,000
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Advance Payments on Sales Contracts		21,786,851
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CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities	13,253,092	
Accounts Payable to Affiliated Companies	178,751	
Preferred Dividend payable 1st February, 1945	187,500	
Reserves for Income and Excess Profits Taxes	2,621,875	16,241,218

Operating Reserves and Deferred Credits		826,775
Reserve Against Future Depreciation in Inventory Values		6,430,004
Refundable Portion of Excess Profits Tax (Contra)		596,444
Earned Surplus		32,282,815

\$227,425,865

NOTE: The Series "B" First Mortgage 3½% Sinking Fund Bonds, due 1974, payable in U.S. currency, and the Second Hypothec securing Contractual Obligation for annual payments, payable in Canadian currency and in U.S. currency in equal parts, are stated on a dollar for dollar basis.

ALUMINUM COMPANY OF CANADA, LIMITED
MONTREAL, QUE., CANADA

DIRECTORS

R. E. POWELL, *President*

J. H. ALGER, *Vice-President*

E. BLOUGH
President, Aluminium Laboratories, Limited
Montreal

EDWARD K. DAVIS
President, Aluminium Limited
Montreal

J. A. DULLEA
President, Aluminium Secretariat Limited
Montreal

AIMÉ GEOFFRION, K.C.
Geoffrion & Prud'homme
Montreal

E. G. MACDOWELL
President, Aluminium Union Limited
Montreal

GEORGE O. MORGAN
President, Aluminium Securities Limited
Montreal

J. F. VAN-LANE
Secretary, McCarthy & McCarthy
Toronto

A. W. WHITAKER, JR., *Vice-President and General Manager*

F. L. FARRELL, *Vice-President and Treasurer*

McNEELY DuBOSE, *Vice-President*

PAUL S. WHITE, *Secretary*

